

An update of performance, trends, research & topics for long-term investors

Asset Class Returns

October 31, 2015

	YTD 2015	2014	2013	2012	Past 10 yrs.*
Bonds (%)					
One-Year	0.5	0.3	0.3	0.9	2.1
Five-Year	2.0	2.9	-0.4	4.8	3.6
Intermediate	2.4	5.2	-3.5	3.7	4.8
Long-Term	-0.5	23.9	-11.4	3.3	7.5
U.S. stocks (%)					
Large Market	2.7	13.5	32.3	15.8	7.7
Large Value	-0.7	10.1	40.3	22.1	8.1
Small Market	-0.3	4.4	42.2	18.4	8.8
Small Micro	-1.5	2.9	45.1	18.2	7.8
Small Value	-4.7	3.5	42.4	21.7	7.9
Real Estate	1.9	31.1	1.4	17.5	8.1
International stocks (%)					
Large Market	0.3	-5.2	20.7	17.8	4.6
Large Value	-2.0	-7.0	23.1	16.6	4.6
Small Market	5.7	-6.3	27.4	18.9	6.7
Small Value	5.2	-5.0	32.4	22.3	7.1
Emerg. Mkts.	-10.3	-1.7	-3.1	19.2	8.6

All returns except "YTD" (Year to Date) are annualized.

Descriptions of Indexes

One-Year bonds	DFA One-Year Fixed Income fund
Five-Year bonds	DFA Five-Year Global Fixed
Intermediate bonds	DFA Intermed. Gov't Bond fund
Long-Term bonds	Long-Term Gov't Bond Index
U.S. Large Market	DFA US Large Company fund
U.S. Large Value	DFA US Large Cap Value fund
U.S. Small Market	DFA US Small Cap fund
U.S. Small Micro	DFA US Micro Cap fund
U.S. Small Value	DFA US Small Value fund
Real Estate	DFA Real Estate Securities fund
Int'l Large Market	DFA Large Cap Int'l fund
Int'l Large Value	DFA Int'l Value fund
Int'l Small Market	DFA Int'l Small Company fund
Int'l Small Value	DFA Int'l Small Cap Value fund
Emerging Markets	DFA Emerging Markets fund

"Past 10 yrs." returns are ended 12/31/14.

Equius Partners is an investment advisor registered with the Securities and Exchange Commission. Consider the investment objectives, risks, and charges and expenses of any mutual fund and read the prospectus carefully before investing. Indexes are not available for direct investment; therefore, their performance does not reflect the expenses associated with the management of an actual portfolio.

Past performance is not a guarantee of future results.

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The seven-year-old

The Caterpillar and the Butterfly

Jeff Troutner, Equius Partners

Question: How can a seven-year-old stimulate investing insight?

Answer: By explaining to his grandfather how the process of metamorphosis transforms a caterpillar into a beautiful butterfly.

As any second grader evidently knows, metamorphosis is the process of transformation from an immature form to an adult form. Butterflies, if they're lucky, go through four stages of development, the second one being the caterpillar stage. Let's start there as we consider how different Equius and our clients are from so many of our peers.

Anyone engaged in active management (stock picking and market timing) as a long-term investment strategy is a caterpillar. As the science of investing continues to evolve—demonstrating conclusively how and *why* these old-school ways consistently fail investors—these caterpillars crawl along in blissful denial of the obvious.

Professional caterpillars grow fat and happy munching on a share of other caterpillars' harvest. They hold regular beauty contests sponsored by the king caterpillar, Morningstar, who pins star medals on their tiny little chests signifying special, albeit fleeting, talent at exploiting other caterpillars' naiveté. Most of the professional caterpillars will eventually be eaten by big powerful market birds. Others will simply grow old and die.



Occasionally, a few of these old-school caterpillars will move to the chrysalis stage, indicating emotional and intellectual development that could lead to an even more powerful and beautiful awakening. But, sadly, some of them get stuck in their cocoon, unable to realize their full potential, and become fence-sitters (or limb-hangers) for the rest of their lives. Only the most enlightened of the caterpillars are able to work their way out of their self-imposed restraints and spread their wings as beautiful, free-thinking butterflies.



Complete metamorphosis is not natural in the investing world. Professional caterpillars who fully transform are driven by an intellectual pursuit of the truth, not by the natural pull of ego and greed. Amateur caterpillars who transform often do so only after years of being manipulated and exploited. Professional and amateur butterflies (like Equius and our clients) who join forces in a collaborative relationship are able to take the best that modern investing science has to offer and preserve and optimize the growth of their wealth for future generations of butterflies. By sharing their experiences and wisdom, they can also prevent others from being stuck in the caterpillar stage their whole lives.

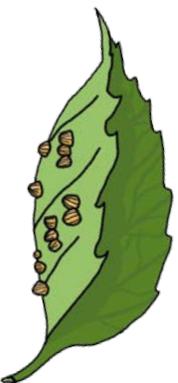


Metamorphosis is a beautiful thing. (So are seven-year-olds.)

Investing Metamorphosis

Egg Stage

(First introduction to the cruel world of investing)



Caterpillar Stage

(or often a last stage as Wall Street-controlled active investors)



The life cycle of an asset class investor



The cycle repeats (hopefully, for those we influence, with only a brief stay as a caterpillar)



Butterfly

Fully mature and developed asset class investor or fiduciary advisor)



Chrysalis Stage

Looking forward to a new life free of old-school Wall Street and its emotional roller coaster)